

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Release Number: 201501024

Release Date: 1/2/2015

Date: October 10, 2014

Employer Identification Number:

Contact Person - ID Number:

Contact Telephone:

LEGEND

UIL: 4945.04-04

B= Program Name

C = Location name

w = Number

x dollars = Amount

y dollars = Amount

z= Number

Dear :

You received advance approval for your grant making program in our letter dated June 30, 2011; under this program you made qualifying distributions under Section 4945(g)(1). You are expanding your grant-making program and are now requesting advance approval of your grant making procedures under Section 4945(g)(3). This approval is required because you are a private foundation that is exempt from federal income tax.

Our determination

We approved your procedures for awarding educational grants. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding educational grants meet the requirements of Code section 4945(g)(3). As a result, expenditures you make under these procedures will not be taxable.

Description of your request

Your letter indicates that you have operated B and are expanding B to include music lessons, private workshops and/or summer programs pursuant to Section 4945(g)(3) of the Code.

Your mission is to inspire and transform lives through innovative, music-based programming. The purpose of your program is to award grants to middle and high school students in the C area who demonstrate financial need, exceptional talent, and a passion to pursue music as a career. Any student with exceptional music talent who is between z years old and resides in the greater C area may apply for the grants.

Your grants may be applied to lessons with a private teacher, workshops or in certain cases, short term programs of summer study. Your program does not provide for travel or living expenses.

You will publicize your program on your website, through print and social media, on the radio, and email blasts to your supporters as well as emails to middle and high school music teachers throughout the greater C area.

The amounts of the awards may vary and will be determined on a case-by-case basis. Typically the award amount will be in the range of x dollars; the total amount awarded annually will be approximately y dollars depending on the number of students participating. Your grants are awarded on an annual basis; recipients are allowed to reapply the following year and compete as a first time applicant.

Applicants must submit an application available on your web site including detailed financial information, an essay, a performance CD/DVD which is mailed to you or MP3 which is emailed to you and two letters of references concerning musical ability.

Your selection committee is comprised of w independent people who agree to judge the entries for you. At no time will any member or relative of a member of the selection committee be eligible for an award.

The committee will consider the applicant's family finances, the quality of application, the essay, and recommendation letters as well as the talent assessment which is based on submitted recordings.

You will submit the award directly to the student's teacher, or in the case of a special workshop or program, directly to the institution, to ensure that the funds are used for the designated purposes. The teacher who receives the funds applies the award towards the student's lessons or to the educational institution towards the recipient's tuition.

You will also require that all recipients report what they are learning in their lessons and/or workshops by emailing or writing your program director on a monthly basis throughout their course time with a private teacher or within and after their course of study for workshops or other programs.

In addition, throughout the year, you will create opportunities for your grant recipients to appear during your performance season, as well as feature them in your concerts as you announce the following year's winners.

You have an experienced Certified Public Accountant with an extensive non-profit background who works with your program director closely to ensure that funds are used for the purposes intended. You maintain strong internal controls that all funds disbursed have been properly used for their designated purpose. You have procedures in place to require that all recipients must abide by the terms and conditions of the grant and that any recipient who violates the terms and conditions of the grant may be dismissed from your program and will be responsible for reimbursing you for the misapplied funds.

You agree to continue to maintain records that include: information used to evaluate the qualifications of potential grantees; identification of the grantees (including any relationship of any grantee to you), the amount and purpose of each grant; and all grantee reports and other follow-up data obtained in administering your grant-making program.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is:
 - A scholarship or fellowship subject to section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii); or
 - A prize or award subject to the provisions of section 74(b), if the recipient of the prize or award is selected from the general public; or
 - To achieve a specific objective; produce a report or similar product; or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar skill or talent of the recipient.

To receive approval of its educational grant procedures, Treasury Regulations section 53.4945-4(c) (1) requires that a private foundation show:

- The grant procedure includes an objective and nondiscriminatory selection process.
- The grant procedure results in the recipients performing the activities the grants were intended to finance.
- The foundation plans to obtain reports to determine whether the recipients have performed the activities that the grants were intended to finance.

Other conditions that apply to this determination

- This determination covers only the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You may report any significant changes to your program by completing Form 8940 and sending it to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201

- You cannot make grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and must further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code section 170(c) (2) (B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

We've sent a copy of this letter to your representative as indicated in your power of attorney.

Please keep a copy of this letter in your records.

If you have any questions, please contact the person listed at the top of this letter.

Sincerely,

Director, Exempt Organizations